



November 14, 2022

Wyoming Legislative Select Committee on Blockchain,
Financial Technology, and Digital Innovation Technology

Re: Testimony in Support of Wyoming Stable Token Act

Dear Chairs and Members of the Select Committee:

Thank you for the opportunity for American CryptoFed DAO (“CryptoFed”) to provide additional public testimony for the Wyoming Stable Token Act. For brevity we will refer to the Wyoming Stable Token as “WST” and the Wyoming Stable Token Act as the “WST Act”.

This WST Act will fill a critical missing component which is needed for Wyoming to create a prosperous end-to-end token economy based on smart contracts. WST issued by the State and outsourced to financial institutions for operation as described in the WST Act will have solid compliance and stability features which are currently missing from existing stable coins in the crypto market. WST will fill this vacuum and will service a tremendous utility demand which will be driven by use in retail merchant transactions (not speculative use). This use of WST in everyday transactions will generate a growing, significant and stable new revenue stream for the State of Wyoming.

CryptoFed’s mission is to create a two-token monetary system with Zero inflation, Zero deflation, Zero transaction costs and maximum employment. Our innovations enable CryptoFed to cover all sales taxes for retail transactions in our native inflation-protected token (Ducat) on behalf of consumers, in order to stimulate the growth of the American economy in both Wyoming and the United States as a whole. CryptoFed’s Ducat tokens will be used and held by both consumers and merchants.

In our prior testimony to the Select Blockchain Committee on September 20, 2022, we highlighted WST’s function as a bridge currency serving as the on and off ramp to the CryptoFed economy, in which both consumers and merchants will voluntarily hold a reservoir of WST as an



equivalent to US Dollars during their ordinary course of business using Ducat for daily payments at merchants.

In today's testimony, we want to emphasize an additional use case where consumers and merchants will use WST directly as a payment vehicle. On the American CryptoFed Blockchain, both the WST and Ducat tokens will be used for daily transactions at merchants. Initially, most merchants will elect to use WST due to the stability of the token (1WST=1USD). American CryptoFed will cover all WST acceptance costs for merchants and additionally provides consumers with a 5% rewards incentive in Ducat for every WST purchase transaction at merchants. For merchants, WST will be adopted as a payment vehicle with zero transaction costs, while for consumers, WST will be adopted as a payment vehicle with a 5% reward incentive in Ducat for every purchase transaction. Additionally, as Ducat holders, consumers will receive 3%-5% annual interest in Ducat automatically on their holdings. As a result, WST can quickly scale and become a major vehicle for payments in the US, preferred over debit and credit cards, because of the superior economic incentives and benefits which accrue to both merchants and their customers when they voluntarily elect to transact using WST.

For convenience, these merchants and consumers will also seek to pay their sales and lodging tax natively in WST in Wyoming and across the United States. During the last legislative session ending in March 2022, after the Wyoming Legislature passed the WST Act, we started recommending and introduced the concept of WST to the leadership of the Merchant Advisory Group (MAG). MAG leadership has testified before this Select Blockchain Committee from time to time. On January 21st, 2022, MAG's CEO, John Drechny, described the MAG consortium in his written testimony below supporting the Sales and Use Tax Amendments Bill sponsored by Representative Ocean Andrew as below:

"Founded in 2008, the MAG collaborates with industry stakeholders, advocates for merchants' interests and facilitates innovative approaches to payments. The MAG represents over 150 of the largest U.S. merchants accounting for over \$4.8 Trillion in annual sales at over 580,000 locations across the U.S. and online. Roughly \$3.5 Trillion of those sales and over 100



billion card payments are electronic, representing approximately 62% of total U.S. card volume.”

https://wyoleg.gov/InterimCommittee/2021/S19-20220124MAG_Wyoming_Sales_Tax_Testimony_1_21_2022.pdf

If the State of Wyoming can, not only issue WST as a vehicle for MAG merchants and their hundreds of millions of consumers to use for payments for their daily purchases, but also give MAG merchants the opportunity to pay their sales taxes via smart contracts in WST, we anticipate a lot of MAG merchants will begin to transact and hold WST for their own best interests, incorporating the WST into their accounting as a normal course of business. In his prior written testimony before this Select Committee, John Drechny, MAG’s CEO, emphasized: “I believe that MAG member merchants in Wyoming currently represent more than 50% of credit and debit card transactions and play a critical role in submitting sales and use taxes to the state.”

Once these MAG merchants and their customers have accumulated sufficient experience in using WST for daily purchase transactions and paying their sales taxes in Wyoming via smart contracts, there is the possibility that these national and large regional merchants will elect to deploy WST nationwide, urging the other 49 States in the US to accept WST for payment of sales and use taxes, so they can dramatically reduce their administrative costs of processing sales tax payments nationally across the USA. If we assume that these MAG merchants and their consumers will, for their own benefit, use and hold 10% +/- of their \$4.8 Trillion annual transaction volume in WST for both daily purchase transactions and sales/lodging taxes payments, then the total WST in circulation can reach an amount equivalent to \$480 billion US.

As the WST ACT becomes law, CryptoFed will do its best to promote WST adoption among MAG merchants. MAG leadership has already agreed to provide CryptoFed with an opportunity to talk about WST as an alternative payment vehicle at MAG’s upcoming Mid-Year Conference (February 13-16, 2023, held at the J.W. Marriott San Antonio Hill Country Resort & Spa). Unlike the speculative use case for crypto trading, the WST use case by US large retailers based on its superior utility in daily commerce will steadily grow the reservoir of WST, and



thereby generate billions of US dollars in interest revenue per year for the State of Wyoming, as long as the short-term US Treasury Bill's interest rate will range between 0.5% - 3% in average.

CryptoFed appreciates the pioneering efforts of Wyoming's lawmakers to explore the potentials of cryptocurrencies beyond the speculative use case. We look forward to an ongoing dialogue with Wyoming's legislators.

Sincerely,

<p>/s/ Scott Moeller</p> <p>DocuSigned by: Scott Moeller A82E97EDD0C44FD...</p> <p>Scott Moeller Organizer, American CryptoFed DAO scott.moeller@americancryptofed.org</p>	<p>/s/ Xiaomeng Zhou</p> <p>DocuSigned by: Xiaomeng Zhou 6F7F189BD770455...</p> <p>Xiaomeng Zhou Organizer, American CryptoFed DAO zhouxm@americancryptofed.org</p>
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